

CONFIDENTIAL

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B-265

RPF

10 DEC 1955

Mr. Roger W. Jones
 Assistant Director for
 Legislative Reference
 Bureau of the Budget
 Washington 25, D. C.

Dear Mr. Jones:

In accordance with Bureau of the Budget Circular A-19, there are attached hereto four copies of a proposed bill To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes. This bill is forwarded to the Bureau of the Budget for clearance and for approval of its submission to the Congress at the earliest possible time in the forthcoming session. Also attached hereto are copies of a sectional analysis of the proposed bill.

You will recall that a similar bill was submitted to the Bureau of the Budget on 19 December 1955, and was approved, with modifications, by the Bureau on 2 April 1956. On 13 April 1956 the bill, as approved by the Bureau, was submitted to the Congress. The bill was introduced in the House (H. R. 10682) by Mr. Carl Vinson, and was referred to the House Armed Services Committee. It was introduced on 15 May in the Senate (S. 3851) by Senators Russell and Saltonstall, and was referred to the Senate Armed Services Committee. Due to the pressure of other business before these Committees, we were informed that it would be impossible for the Congress to act on this legislation during the 2nd session of the 84th Congress. We were also informally notified, however, that if similar legislation were introduced at a sufficiently early stage of the next Congress, it would be considered.

The attached bill is similar to the proposed legislation approved by the Bureau of the Budget last year, with the exceptions noted below. On the assumption that the provisions approved last year will not be subject to further detailed review, I will deal in this letter with only those parts of the bill which represent a change in last year's proposals, or which involve the deletion or addition of new sections.

Section 1 of the bill contains a definition of the term "abroad," so

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Section 2 of the bill, relating to procurement, is identical with Section 1 of the bill which was introduced in the last Congress.

Section 3 of the bill, containing amendments to Section 5 of the CIA Act of 1949, as amended, is identical with last year's bill insofar as amendments to Section 5(a) (b) and (c) are concerned.

The provisions of Section 3 relating to Section 5(d) of the CIA Act of 1949 have been modified slightly, so as to conform to the medical benefits provisions of the Foreign Service Act, as amended by P.L. 828, 84th Congress, 2nd session. The CIA proposals differ in substance from the Foreign Service Act amendments only in that the extension of medical benefits apply to non-citizen as well as citizen employees of the Agency and their dependents, whereas the Foreign Service Act relates specifically to citizen employees and their dependents. This is similar to the coverage approved by the Bureau of the Budget for submission to the last Congress, and is necessitated by the fact that this Agency employs a large number of non-citizens in important posts abroad, which is not the case in the Foreign Service. We believe that the Bureau examiners fully understand this problem, but we will be happy to provide further details if desired.

In order to conform with the Foreign Service Act amendments, we have eliminated any reference in our bill to maternity benefits. We have done this, however, on the understanding that the words "illness or injury" may be interpreted as including maternity care for purposes of travel for medical treatment and, under certain conditions, actual payment of the costs of medical care. We would propose to make this point clear in establishing the legislative history of this proposed bill before the Congress. In this connection, we note that maternity benefits were specifically proposed by the Administration in the Overseas Health and Medical Services Act of 1956.

The provisions of Section 3 relating to Section 5(e) of the CIA Act of 1949 are identical with those submitted to the last Congress.

The provisions of Section 3 relating to Section 5(f) of the CIA Act of 1949 are substantially the same as those which were submitted to the last Congress. Minor changes have been made, however, to conform with the comparable provisions of the Administration proposals in the "Foreign Areas Allowances Act of 1956." Specifically, we have added: (a) a provision for temporary allowances "for a period not in excess of one month immediately preceding final departure" from a post abroad in Section 5(f)(1)(A); (b) a new Section 5(f)(1)(B) providing for the payment of initial repairs, alterations and improvements to leased residences under unusual circumstances; and, (c) a new provision to Section 5(f)(2)(D) which adds the words "during the same school year" with reference to the prohibition against the payment of both travel allowances and the expenses of education for dependents. We consider that these benefits will be of great value to the morale of our employees abroad, and we have included them with the purpose of making our legislative proposals as consistent as possible with those envisioned by the Administration on a government-wide basis.

Section 4 contains two new amendments to Section 6 of the CIA Act of 1949. The first of these, Section 6(h), would permit the Agency to pay tort claims of \$1000 or less arising in foreign countries in connection with Agency operations abroad. The second, Section 6(i) would enable the Agency to apply the proceeds from the exchange or sale of motor vehicles abroad for the replacement of an equal number of such vehicles, without fiscal year limitation. These amendments are proposed in order to conform CIA authorities with those granted to the Department of State under P. L. 885, 84th Congress, 2d session. Our problems are identical with those of the Department of State in the situations covered by these amendments.

Section 5 of the bill is a technical amendment identical with Section 5 of the bill introduced in the last Congress.

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You will recall that last year this Agency submitted to the Bureau of the Budget a proposed amendment which would provide a system of accelerated retirement for individuals who have served abroad with CIA. These proposals, to which this Agency attached great importance, were discussed in detail with representatives of the Bureau of the Budget and of the office of Presidential Adviser on Personnel Management. The Bureau was unwilling to accept our proposals, and in the absence of an acceptable alternative, we deleted any reference to accelerated retirement in the proposals submitted to the last Congress.

This year we are again proposing accelerated retirement provisions in Section 6 of the attached bill, and we strongly urge sympathetic and favorable consideration of them. Briefly, the section provides for one and a half years of retirement credit for each year abroad, and two years of retirement credit for each year abroad at an unhealthful post. These provisions are related directly to the provisions of the Civil Service Retirement law insofar as actual benefits are concerned. In order to retire voluntarily, Agency employees, like Foreign Service and Investigative Officers, must be at least 50 years of age, have 20 years of service and have the approval of the Director. However, these are minimum requirements and actual eligibility is dependent upon the extra credit earned for service overseas and at unhealthful posts. The acceleration provisions also apply in cases of involuntary retirement, which are covered under the Civil Service Retirement Act.

Under existing legislation, systems of accelerated retirement are in effect for Foreign Service Officers and Investigative Officers of the Federal Bureau of Investigation. Accelerated retirement, patterned after the Foreign Service, was also authorized for United States Information Officers in a bill (S. 3638) which passed the Senate during the last session of the Congress. For reasons which we are prepared to express in detail to the Bureau of the Budget, it is impossible for the Central Intelligence Agency to set up a class of personnel within the Agency, similar to the Foreign Service, for whom overseas benefits should apply. We have tried, however, to devise a system comparable to the Foreign Service, and yet designed to meet our unique requirements.

A brief explanation of the retirement section and its objectives is contained in the attached sectional analysis. We are most anxious, however, to meet with representatives of the Bureau of the Budget at your early convenience to discuss these proposals in detail. In our opinion, they are of the greatest importance to the morale and effectiveness of this Agency.

Sincerely yours,

Attachments

1. CIA Bill (4 copies)
2. Sectional Analysis (4 copies)

~~SECRET~~

Norman S. Paul
Legislative Counsel

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Mr. Roger W. Jones, Bureau of the Budget

CONCURRENCES:

15 NOV 1956

Inspector General

Date

General Counsel

Date

Deputy Director (Support)

NOV 1956

Date

IG:LC/NSP:fm (14 Nov 56)

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SECTIONAL ANALYSIS OF A PROPOSED BILL
TO AMEND THE CENTRAL INTELLIGENCE AGENCY
ACT OF 1949, AS AMENDED, AND FOR OTHER PURPOSES

SECTION 1.

Under Section 5(a) of the Central Intelligence Agency Act of 1949 the Agency is authorized to pay travel expenses, allowances, and related expenses of employees stationed outside the continental United States, its territories and possessions. The amendment proposed here will extend this authority to include employees stationed in the Trust Territory of the Pacific Islands by including that area in the definition of "abroad" as used in the Act. Living conditions in that area are such as to equate it in fact to certain foreign areas with undersirable living conditions. In this connection, [REDACTED]

[REDACTED] Foreign Areas

Allowances Act of 1956 (S. 4186) and the proposed Overseas Health and Medical Services Act of 1956 (H.R. 12193). Both of these bills were supported by the Administration and were introduced during the second session of the 84th Congress, although too late to permit Congressional action.

SECTION 2.

Under Section 3(a) of the Central Intelligence Agency Act of 1949

the Agency is authorized to exercise certain procurement authorities contained in the Armed Services Procurement Act of 1947. The specific sections of the Armed Services Procurement Act, the authorities of which CIA was authorized to exercise, were incorporated by reference in Section 3(a) of the CIA Act of 1949. Since passage of the CIA Act, additional functions have been assigned to the Agency. This, and added experience, indicate the need to exercise other authorities contained in the Armed Services Procurement Act of 1947.

Under Section 2(c) of the Procurement Act, the Armed Services may negotiate purchases and contracts without advertising in seventeen listed circumstances. The Agency is authorized by Section 3(a) of the CIA Act to negotiate in ten of these circumstances. It is requested that the remaining negotiation authorities of Section 2(c) be given this Agency.

This increase in Agency negotiation authorities, to make them the same as those of the Armed Services, would be accomplished by modifying Section 3(a) of the CIA Act to authorize the Agency to exercise all the authorities contained in Section 2(c) of the Armed Services Procurement Act.

The Agency has substantial and vitally necessary programs in fields where research and development, standardization of equipment and provision of new or stand-by production facilities is a necessity. The negotiation authorities contained in Sections 2(c)(11), (13), (14), and (16) of the Armed Services Procurement Act are requested to facilitate

this work.

In addition, in the field of procurement the Agency faces generally the same problem encountered by the Armed Services, although in some cases only to a minor degree. For this reason the inclusion of the negotiation authorities in Sections 2(c) (8) and (9) of the Armed Services Act is requested, as these circumstances are actually encountered although they were not foreseen at the time the Central Intelligence Agency Act of 1949 was enacted.

Medical facilities are provided our personnel in certain necessary and legally allowable circumstances. As indicated by Section 2(c) (7) of the Armed Services Procurement Act, there should be authority to purchase these by negotiation, since considerations of quality and exact composition often must outweigh a small difference in price.

To further contribute to brevity and clarity, it is proposed that the reference to Sections 3 and 4 of the Armed Services Procurement Act be deleted from Section 3(a) of the CIA Act. These are only two of a number of provisions in the Armed Services Procurement Act and elsewhere which apply to our procurement and are followed as a matter of course.

Sections 5 and 6 of the Armed Services Procurement Act are presently applicable to the Agency, and it is proposed that this applicability be continued.

Section 7 of the Armed Services Procurement Act, providing for delegations of authority and covering procedures for making determinations, is included in the CIA Act of 1949 as Sections 3(c) and (d). It is proposed to delete these sections of the CIA Act and incorporate Section 7 by reference.

In fulfilling its unique mission, the Agency lets contracts from time to time for important and novel research and development work. Such contracts often must extend over a relatively long period in order to accomplish the desired result and do not accommodate themselves to fiscal year limitations. The proposed Section 3(b) authorizes such contracts for periods up to five years, which is substantially similar to present authorities for the military departments.

Certain procurement authorities can be exercised under the Armed Services Procurement Act and the CIA Act of 1949 only after a determination has been made by the "head of the Agency." The CIA Act of 1949 defines this term (previously referred to as "Agency head") to mean the Director, the Deputy Director, or the Executive of the Agency. At the time of the passage of the CIA Act, the Agency had an Executive who exercised many of the authorities currently under the jurisdiction of the Deputy Director (Support). It is, therefore, proposed to redefine the term "head of the Agency" for the purposes of this section.

SECTION 3.

Section 5 of the CIA Act of 1949 (P. L. 110, 81st Cong.) provides

authority for payment of travel expenses, allowances and related expenses. It is proposed to add to the Act at this time authority to pay certain allowances and expenses of this nature which were not generally available to Government employees at the time of the passage of the original Act. In addition, it is proposed that the section be rearranged in order to put certain authorities in more logical sequence.

Section 5(a), as proposed, will provide authority for payment of travel and transportation expenses for employees of the Agency stationed in foreign areas. Except for Sections 5(a)(5) and (8), the authorities provided are the same as those provided in the present statute.

Section 5(a)(5) modifies the authority available in the present Act so as to eliminate the requirement for a determination of emergency conditions before the Agency may store the furniture and household effects of an employee stationed abroad. In many situations, it is considerably less expensive for the Government to store effects than to ship them, and there is no need to ship household effects to many posts abroad. The language is similar to the basic Foreign Service authority which has been in effect for several years. The experience of the Government generally has been such that legislative proposals have now been made to adopt a less restricted approach to this problem on a government-wide basis.

Section 5a(8) will extend to CIA employees the same authorities granted to members of the Foreign Service of the United States by

P.L. 22 of the 84th Congress, and its language is substantially identical to Section 11 of that Act. It will permit payment for one trip to a United States port of entry and return to his parent's post abroad for an employee's child during each of the high school and college periods. The financial and morale problem which this section attempts to allay are serious, particularly for those employees with more than one child of school age. The cost of education and travel within the United States will still have to be borne by the individual or his parents.

Section 5(b) is a revision of Section 5a(2) of the present law. That Section presently authorizes the Agency to charge expenses in connection with travel and transportation to the appropriation for the fiscal year current when any part of the travel of its personnel begins, notwithstanding that the travel may not be completed during that current fiscal year. This authority to date has been limited to travel involving permanent change of station, however. The reasons underlying the original authority, i.e., ease of administration, appear to be equally applicable to temporary-duty travel and this amendment would authorize similar handling of travel expenses whether the travel involved permanent change of station or temporary duty. The revision also extends the authority to the transportation of automobiles.

Section 5(c), in subsections (1), (2) and (3), brings up to date Section 5(a)(3)(A) of the CIA Act of 1949, which provides travel for home leave purposes upon completion of two years' service abroad. The

amendment eliminates the requirement that employees have accumulated sufficient leave to carry them in leave status for 30 days in order to qualify for home leave travel benefits. Under present leave laws it is impossible for some employees to accumulate sufficient leave, and if the proposed companion section providing statutory home leave is enacted the accumulation requirement would be meaningless in any event. The Section also deletes obsolete references (5 U.S.C. 30, 30(a), and 30(b) have been repealed).

Section 5c(4) extends the statutory home leave provisions of the Annual and Sick Leave Act of 1951 to CIA employees stationed abroad, and thus places them on a similar basis to members of the Foreign Service in this regard. The phrases "and as it may hereafter be amended" are inserted in order to equate proposed CIA legislation to any possible changes in government-wide leave legislation. In the event that an over-all bill is passed providing these benefits, there would be no need for this proposed section of the CIA legislation.

Section 5(c) extends the home leave privilege to employees who have completed a tour in a foreign area. There is a need for a period of home leave during which an employee can bring himself up to date on current affairs in the United States and handle personal affairs neglected during long service overseas.

Section 5(d)(1) amends section 5(a)(5)(A) of the CIA Act of 1949, which now authorizes the Agency to pay the travel expenses of an officer or employee of the Agency to a suitable hospital or clinic and return in the event of illness or injury requiring hospitalization, if such employee is assigned abroad in a locality where a suitable medical facility does not exist. It further provides that if such person is too ill to travel unattended, the Agency may pay travel expenses of an attendant. The proposed amendment extends this coverage to dependents of employees. Because of the location of some of the Agency posts of assignment, adequate medical facilities are often not available. As the members of the employee's family find themselves in these localities solely because of the employee's employment with CIA, as adequate medical facilities are often lacking, and as the cost of travel to adequate facilities is often expensive, it is considered appropriate for the Agency to bear such costs. The existing language is further revised to make clear that the Agency may pay travel expenses of more than one attendant since, in some cases, experience has demonstrated the need for more than one in order to assure the well-being of the patient.

Section 5(d)(2)(A) of the proposed bill authorizes payment for medical care of Agency employees located abroad in cases where an illness or injury requires hospitalization or similar treatment.

In the past an inequitable situation has existed because the wording of the Act permitted the payment of hospital care only while the employee was permanently assigned to a foreign station, regardless of the fact that conditions which caused the need for such care are just as likely to arise for individuals on temporary duty status.

Section 5(d)(2)(B) of the proposed bill extends limited medical benefits to dependents of an employee who are located abroad because of the employee's assignment to a foreign post. Officers and employees of the Agency and their families are an integral unit, and the employee's effectiveness depends in no small measure on the well-being of his family. Considering the health hazards which exist in many parts of the world where Agency employees are assigned, it is believed that the Government should assist in defraying medical expenses incurred by dependents while they are stationed abroad. Such a provision would place dependents of Agency personnel more on a par with dependents of Foreign Service personnel in the matter of medical services.

Inasmuch as dependents cannot be said to be in a duty status, the proposed legislation provides that the illness or injury must be incurred while the dependent is located abroad. It is not intended, moreover, that the Government assume the full cost of providing medical care and treatment for dependents of Agency personnel. It

may be noted that the proposed language refers to "an illness or injury which requires hospitalization or similar treatment." Thus, the employee would assume responsibility for less serious illnesses or injuries, except as routine services may be available at first aid stations established pursuant to section 5(d)(3). Second, as is true of officers and employees, the Government would not assume responsibility in cases involving vicious habits, intemperance or misconduct. Also, it is intended that regulations prescribed by the Director will exclude certain types of medical expense such as optional plastic surgery and dental treatment. Finally, it is believed that the employee should defray at least a portion of the medical costs and that a reasonable limitation should be placed on the aggregate liability that the Government, as an employer, should assume. Accordingly, provision is made for the employee to assume initial costs up to \$35.00 with the Government assuming responsibility for costs in excess of that amount but not in excess of 120 days of hospitalization for each illness or injury.

It is expected that the proposed maximum limitation of 120 days of hospitalization will cover most cases requiring hospitalization. However, in the remaining instances that require more prolonged medical care, it is only equitable that the Government assume an additional responsibility for medical expenses in those instances where the Director, on the advice of the Chief of the Agency medical staff,

determines that the illness or injury clearly is caused by the fact that a dependent is or has been located abroad. For example, civil strife resulting in serious injury to the wife of an Agency employee or a child's contraction of an infectious disease (despite observance of normal precautionary measures) which rarely occurs in the United States, would seem to warrant the Director's waiving the 120 day maximum limitation provision. On the basis of cumulative experience and, taking into account individual circumstances, the Director would authorize continued payment in such cases for such period as he considers appropriate.

Section 5(d)(2)(C) of the proposed bill authorizes the Director, after sufficient experience in the operation of the medical benefits plan described in the preceding sections, to contract for medical care under such arrangements, insurance, medical, service or health plans as he deems appropriate.

Sections 5(d)(1), 5(d)(2)(A), 5(d)(2)(B) and 5(d)(2)(C) are all patterned after amendments to Sections 941 and 942 of the Foreign Service Act which were enacted during the last session of the 84th Congress (P.L. 828). The language is identical with the language of the Foreign Service Act amendments, with the exception that the term "employees" is intended to cover foreign nationals as well as United States citizens. It is the intention of this Agency to interpret the

language of these sections as authorizing travel for medical care for employees or dependents for maternity reasons, and as authorizing payment for medical treatment for employees and dependents in certain types of maternity cases.

Section 5(d)(3) revises the present Section 5(a)(5)(B) so as to permit the employment of a physician or other medical personnel in addition to a nurse at posts where sufficient personnel are employed to justify such arrangements. It is not intended to establish such facilities at all posts. Where suitable Government or private facilities already exist, there would be no reason to do so. However, at some posts either only the most primitive medical facilities exist or suitable facilities, though they exist, are not available. In these instances, the establishment of essential medical facilities and services is not only beneficial to employees' morale, but also is a practical investment from the point of view of the Government as an employer.

Section 5(d)(4) of the proposed bill revises Section 5(a)(5)(D) of the present law to grant substantially the same authorities providing physical examinations and inoculations to Agency employees as were granted to employees of the Foreign Service under Section 943 of the Foreign Service Act of 1946. Section 12 of the Foreign Service Act Amendments of 1955 authorizes the administration of physical examinations and inoculations to dependents although in the past this

had been done in practice. There had been some concern that existing law did not clearly authorize the practice; therefore, this amendment was considered a technical clarification of the existing authority. The proposed revision of Section 5(a)(5)(D) accomplishes the same purpose.

Section 5(e) of the proposed bill exists in the present law as Section 5(a)(7). The substance has not been changed.

Section 5(f) of the proposed bill brings CIA authority regarding allowances in line with existing or proposed provisions in other legislation or proposed provisions in Administration bills forwarded to the Congress during the last session. In addition to the provision of allowances there has been included in a new subsection 5(f)(3) basic authority for the Agency to pay post differentials. The Foreign Service Act as amended, has been used as the principal model. Sections 901(1) and 901(2) of the Foreign Service Act of 1946 were incorporated by reference into Section 5(b) of the Central Intelligence Agency Act of 1949. Since that time, Section 901(2) of the Foreign Service Act has been amended, and further amendments have been proposed in a government-wide Overseas Allowances Act.

Section 5(g) of the proposed bill is equivalent to existing law which now provides that Foreign Service personnel are entitled to exclude from gross income for income tax purposes the various

allowances authorized them under the Foreign Service Act. It is desirable that the Agency have similar authority in view of the fact that the provisions of this proposed bill will establish separate and basic authority for the Agency to pay similar allowances.

SECTION 4.

Section 3648 of the Revised Statutes, to which the waiver provisions of Section 6(g) apply, provides that there shall be no advance of public money unless authorized by the appropriation concerned or by law, or by certain stated exceptions in Section 3648; it provides further that in contracts for the performance of services or the delivery of articles of any description for the use of the United States, payment shall not exceed the value of such service or article delivered previous to such payment. This provision works a hardship in certain foreign countries, whose laws or customs require advance payments, particularly of rent. Frequent exceptions have been made to this provision of law; e.g., for payments made for the Bureau of Customs in foreign countries (31 U.S.C. 529 b), for the enforcement of customs and narcotics laws (31 U.S.C. 529 f), for the Office of Scientific Research and Development (31 U.S.C. 529 h), and for advance payments of office rent in foreign countries by the Bureau of Foreign and Domestic Commerce. This statute is also specifically waived for the armed services, and the Department of State has

acquired an exception in its Appropriation Acts.

Section 6(h) of the proposed bill will permit the Agency to settle tort claims of a thousand dollars or less arising in foreign areas in the manner authorized by 28 U.S.C. 2672. That section provides for administrative settlement by the head of an Agency of claims for death, personal injury or property damage arising from the negligent or wrongful act of an employee while acting within the scope of his employment. This authority is given to the Secretary of State in Section 2(f) of Public Law 885, 84th Congress, 2nd Session (70 Stat. 890). Except for this provision, claims arising in foreign countries do not come within the provisions of the Federal Tort Claims Act. The authority would be of value to this Agency in settling relatively minor claims in foreign areas and would thus help in maintaining good relations between U. S. installations and the local people. In many foreign areas payments of a thousand dollars or less may effect full settlement even in cases of serious personal injury or death and save the U. S. considerable embarrassment.

Section 6(i) of the proposed bill will permit the Agency to use without fiscal year limitations allowances or proceeds received from the exchange or sale of passenger vehicles abroad for replacement of an equal number of vehicles. Present law permits such use

of exchange allowances but with the usual fiscal year limitations. Removal of the fiscal year limitation will allow a more flexible and economical use of exchange allowances in many cases. The same authority is provided the Secretary of State in Section 7 of Public Law 885, 84th Congress, 2nd Session, (70 Stat. 890).

SECTION 5.

This provision corrects a typographical error in Section 10(a)(1) of the Central Intelligence Agency Act of 1949. The authority which was intended to be granted by this clause was the authority to pay claims under the Federal Tort Claims Act (Chapter 171), but the chapter number was omitted from the final printed versions of the bill as passed.

SECTION 6.

The proposed new Section 9 of the CIA Act will amend the existing Civil Service Retirement Act so as to permit early retirement at full annuity analogous to that authorized investigative employees and Foreign Service Officers. Extra service credits will be granted for service abroad and at hardship posts, thus lowering the employee's retirement age and increasing his annuity in direct proportion to his service at such foreign posts. Agency employees serving abroad often work under extremely unfavorable conditions

dangerous to their health and well-being and, as a result, their usefulness as well as their health may be impaired at an age lower than that normally set for retirement under the Civil Service system. The demands of many Agency positions abroad and the tensions upon the employee doing the peculiar work required, combined with extremely unfavorable climatic and sanitary conditions in many foreign areas make such work most suitable for relatively young men. Although such an employee may have been of great value in his foreign assignment, it will often be impossible to properly place him at his attained grade in a headquarters position after his overseas service has ceased. If the Agency is to keep a young and vital working force to carry on its exacting activities, it must offer younger employees reasonable opportunity for advancement to more responsible positions rather than filling such positions with older men whose greatest contributions were in the past. To attain this goal the Agency must be able to offer early retirement with an annuity which will make retirement economically feasible. By making early retirement dependent upon approval of the Director, the Agency will be enabled to retain valuable employees in their middle age while at the same time permitting honorable and dignified retirement of persons who are surplus for reasons inherent in the nature of their employment and not reflecting upon their ability.

SECTION 7.

This proposed amendment would raise from 15 to 35 the number of retired officers of the armed services employable by CIA, whose employment by the Federal Government would be otherwise barred by other statutory limitations on the employment of such officers. It was pointed out in the report of the Clark Task Force of the Hoover Commission, and this Agency concurs in its conclusion, that increased use should be made, if possible, of the talents of retired military officers whose ability and experience fit them for the types of work done by this Agency.

31 October 1956

A BILL

To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 1 of the Act entitled the Central Intelligence Agency Act of 1949, approved June 20, 1949, as amended (63 Stat. 208, 50 U.S.C. 403a) (hereinafter referred to as "such Act"), is amended by adding before the final period a semicolon and the following new subsection (e):



SECTION 2. Section 3 of the Act entitled the Central Intelligence Agency Act of 1949, approved June 20, 1949, as amended (63 Stat. 208, 50 U.S.C. 403a) (hereinafter referred to as "such Act"), is amended to read as follows"

(a) In the performance of its functions, the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c), 5, 6, 7, and 10 of the Armed Services Procurement Act of 1947, approved Feb. 19, 1948, as amended (62 Stat. 21, 41 U.S.C. 151).

(b) Contracts of the Agency for services and use of facilities for research or development may be for a term not

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to exceed five years, and may be extended for an additional period not to exceed five years, subject to the availability of appropriations therefor.

(c) For purposes of this section, the term "agency head" shall mean the Director and Deputy Director of Central Intelligence and the Deputy Directors of the Agency.

SECTION 3. Section 5 of such Act is amended to read as follows:

Section 5. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned abroad, may

(1) pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5(c) with regard to the granting of home leave;

(2) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(3) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services, to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(4) notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or

air transportation of the automobile is necessary or expedient for any part or of all the distance between points of origin and destination, and pay the costs of such transportation;

(5) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty; or who is assigned to a post to which he cannot take or at which he is unable to use his furniture and household and personal effects; or when such storage would avoid the cost of transporting such effects from one location to another;

(6) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(7) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

(8) pay the travel expenses incurred by an officer or employee of the Agency in transporting dependents to and from United States ports of entry designated by the Agency, to obtain an American secondary or college education, not to exceed one trip each way for each dependent for the

purpose of obtaining each type of education;

(9) pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(b) The Agency may charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods, personal effects, and automobiles to the appropriation for the fiscal year current when any part of either the travel or transportation begins pursuant to previously issued travel orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel orders may have been issued during the prior fiscal year.

(c)(1) Under such regulations as the Director may prescribe, the Agency may order to the continental United States or its territories and possessions on leave of absence as provided by law, every officer and employee of the Agency, upon completion of two years continuous service abroad, or as soon as possible thereafter.

(2) While in the continental United States on leave, the service of any officer or employee shall not be available for work or duties except in the Agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(3) Where an officer or employee on leave returns to the United States

or its territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its territories and possessions, and such time as may be necessarily occupied in awaiting transportation.

(4) The provisions of Section 203(f) of the Act of October 30, 1951, as amended (65 Stat. 679, 5 U.S.C. 2061), and as it may hereafter be amended, shall be applicable to officers and employees of the Agency, and such officers and employees shall be subject to the limitations as to the accumulation of leave applicable to officers and employees in the Foreign Service of the United States under the Department of State as provided in Sections 203(c) and (d) of the Act of October 30, 1951, as amended (65 Stat. 679, 5 U.S.C. 2061), and as it may hereafter be amended.

(d)(1) In the event an officer or employee of the Agency or his dependents incurs an illness or injury requiring hospitalization, not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there does not exist a suitable hospital or clinic, the Director may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808, 5 U.S.C. 736), to the nearest locality where a suitable hospital or clinic exists, and on his recovery pay for the travel expenses of his return from such hospital or clinic. If any such officer, employee, or dependent is too ill to travel unattended, the Director may also pay the round-trip expenses of an attendant or attendants.

(2)(A) In the event an officer or employee of the Agency incurs an illness or injury while such person is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, the Director may, in accordance with such regulations as he may prescribe, pay for the cost of treatment of such illness or injury.

(2)(B) In the event a dependent of an officer or employee of the Agency who is stationed abroad, incurs an illness or injury while such dependent is located abroad, which requires hospitalization or similar treatment, and which is not the result of vicious habits, intemperance, or misconduct on his part, the Director may, in accordance with such regulations as he may prescribe, pay for that portion of the cost of treatment of each such illness or injury that exceeds \$35 up to a maximum limitation of one hundred and twenty days of treatment for each such illness or injury, except that such maximum limitation shall not apply whenever the Director, on the basis of professional medical advice, shall determine that such illness or injury clearly is caused by the fact that such dependent is or has been located abroad.

(2)(C) After sufficient experience in the operation of the medical protection plan authorized in subsections (d)(2)(A) and (d)(2)(B) of this section has been obtained, as determined by the Director, and if he considers that the benefits so authorized can be provided for as well and as cheaply in other ways, the Director may, under such regulations, and for such persons, locations, and conditions as he may deem appropriate, and within the limits prescribed in such subsections, contract for medical

care pursuant to such arrangements, insurance, medical service, or health plans as he may deem appropriate.

(3) The Director may establish a first aid station and provide for the services of a physician, a nurse, or other medical personnel at a post at which, in his opinion, sufficient personnel are employed to warrant such a station.

(4) The Director may provide for the periodic physical examination of officers and employees of the Agency and their dependents and for the cost of administering inoculations or vaccinations to such officers or employees and their dependents.

(e) In accordance with such regulations as the Director may prescribe, the Agency may pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant: Provided, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment. Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(f) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of Section 1765 of the revised statutes

(5 U.S.C. 70), the Director is authorized to grant to any officer or employee of the Agency:

(1) allowances, whenever Government owned or rented quarters are not available at a post abroad;

(A) for living quarters, heat, light, water, fuel, gas, and electricity, including allowances for the cost of lodging at temporary quarters, incurred by an officer or employee of the Agency and the members of his family upon first arrival at a new post, for a period not in excess of three months after such first arrival or until the occupation of residence quarters, whichever period shall be shorter and for a period not in excess of one month immediately preceding final departure from the post subsequent to the necessary evacuation of residence quarters, up to but not in excess of the aggregate amount of the per diem that would be allowable to such officer or employee for himself and the members of his family for such period if they were in travel status;

(B) under unusual circumstances for extraordinary, necessary and reasonable expenses, not otherwise compensated for, incurred initial repairs, alterations and improvements to an employee's privately leased residence at a foreign post of assignment: PROVIDED, That such expenditure is administratively approved in advance, and that the duration and terms of the lease justify such expenditure by the Government:

(2) cost-of-living allowances whenever --

(A) the cost of living at a post abroad is proportionately so high that an allowance is necessary to enable an officer or employee of the Agency at such post to carry on his work efficiently;

(B) extraordinary and necessary expenses not otherwise compensated for are incurred by an officer or employee of the Agency incident to the establishment of his residence at any post of assignment abroad or at a post of assignment in the continental United States between assignments to posts abroad;

(C) an allowance is necessary to assist an officer or employee of the Agency who is compelled by reasons of dangerous, notably unhealthful, or excessively adverse living conditions at his post abroad or for the convenience of the Government to meet the additional expense of maintaining his wife and minor children elsewhere than at the post of his assignment;

(D) extraordinary and necessary expenses, not otherwise compensated for, must be incurred by an officer or employee of the Agency, by reason of his service abroad, in providing for adequate elementary and secondary education of his dependents; allowances under this subparagraph for any post shall not exceed the cost of obtaining such educational services as are ordinarily provided without charge by the public schools of the United States plus, in those cases where adequate schools are not available at the post, board and room, and periodic transportation between the post and the nearest locality where adequate schools are available; if any such officer or employee employs a less expensive method of providing such education, any allowance paid to him shall be reduced accordingly; no allowance shall be paid under this subparagraph for a dependent during the same school year in which a travel allowance has been paid for such dependent under subsection 5(a)(8):

(3) a foreign post differential or a territorial post differential on the basis of conditions of environment which differ substantially

from conditions of environment in the continental United States and warrant additional compensation as a recruitment and retention incentive. Additional compensation paid as a foreign post differential or territorial post differential shall not in any instance exceed 25 per centum of the rate of basic compensation.

(g) Amounts received as allowances pursuant to the provisions of Section 5(f)(1) and (2) of this Act shall not be included in gross income, and shall be exempt from taxation under the Internal Revenue Code of 1954, as amended, and as it may hereafter be amended.

SECTION 4. Section 6 of such Act is amended by the insertion of a semicolon in lieu of the period at the end of subsection (f) and by the addition of new subsections (g), (h) and (i) which shall read as follows:

(g) Make payments without regard to section 3648 of the Revised Statutes (31 U.S.C. 529), when made --

(1) in compliance with the laws of foreign countries or their ministerial regulations, and

(2) for rent in foreign countries for such period as may be necessary to accord with local custom.

(h) Pay tort claims, in the manner authorized in the first paragraph of section 2672, as amended, of title 28 of the United States Code when such claims arise in foreign countries in connection with Agency operations abroad.

(i) Use without fiscal year limitation the exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles in possession of the Agency abroad, in accordance with section 201(c) of the Act of June 30, 1949 (40 U.S.C. 481(c)), for replacement of an equal number

of such vehicles.

SECTION 5. Section 10(a)(1) of such Act is amended by inserting "Chapter 171 of" immediately before "28 U.S.C."

SECTION 6. "Such Act is amended by inserting a new Section 9 which shall read as follows:

Section 9. (a) For the purpose of computing eligibility for retirement and the amount of the annuity under the Civil Service Retirement Act (Act of 22 May 1920, as amended, 5 U.S.C. 691) each year of service abroad as an employee of the Agency after 18 September 1947 shall be credited as one and one half years of service and each such year served at a post abroad classified by the Director as an unhealthful post by reason of climatic or other extreme conditions shall be credited as two years of service. The retirement ages prescribed in the Civil Service Retirement Act shall be lowered by the number of months of extra service credit granted for service abroad and at unhealthful posts. Such additional credits shall be granted proportionately for fractional years of service:

Provided, That voluntary retirement shall not be allowed until such persons shall have reached 50 years of age and shall have completed twenty years of actual service, and then only with approval of the Director.

(b) No annuity paid under the Civil Service

Retirement Act shall be reduced solely because the annuitant has retired at an age lowered in accordance with the provisions of subsection (a) of this Section. The base age provided by the Civil Service Retirement Act for computing a percentage reduction in annuities shall be reduced by the same amount as the reduction in retirement age made in accordance with subsection (a) of this Section."

SECTION 7. Section 6(f)(1) of such Act is amended by striking out "fifteen" and inserting in lieu thereof the following: "thirty-five".